

Detroit, Toledo and Ironton Railroad Company

BOX 530, ONE PARKLANE BOULEVARD, DEARBORN, MICHIGAN 48126

RECORDATION NO. ... December 19, 1977
Filed & Recorded

DEC 20 1977-10 02 AM

INTERSTATE COMMERCE COMMISSION

Interstate Commerce Commission
Room 1227
12th and Constitution Avenue, N.W.
Washington, D.C. 20423

Attention: Mrs. Mildred Lee

Dear Mrs. Lee:

Enclosed please find eight (8) signed counterparts of Conditional Sale Agreement dated as of December 1, 1977 for recording in accordance with Section 20(c) of the Interstate Commerce Act and described as follows:

Vendor:	Citicorp Leasing, Inc.
Purchaser:	Detroit, Toledo & Ironton Railroad Company
Description of Equipment:	98 Coil Steel Flat Cars and Proform SFRP Covering Systems, Nos. DTI 1100 to 1199 inclusive, except 1119 and 1134
Prior Recordings:	Chattel Mortgage dated as of November 15, 1967 between Wolverine Leasing Company and Manufacturers National Bank of Detroit filed with the I.C.C. on November 15, 1967 at 12:40 p.m. under No. 4601

Lease and Assignment dated as of November 15, 1967 among Wolverine Leasing Company, DT&I and Manufacturers National Bank of Detroit filed with the I.C.C. on November 15, 1967 at 12:40 p.m. under No. 4601A

Release dated as of October 1, 1977 between Wolverine Leasing Company and Manufacturers National Bank of Detroit filed with the I.C.C. on October 18, 1977 at 11:30 a.m. under No. 4601B

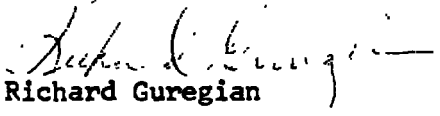
Interstate Commerce Commission
December 19, 1977
Page 2

Six counterparts stamped to show recording should be returned
to the bearer of this letter or to:

Richard Guregian
Vice President - Finance
Detroit, Toledo and Ironton Railroad Company
One Parklane Boulevard
Dearborn, Michigan 48126

Also enclosed is our check in the amount of \$50.00 in payment of
the recordation fee.

Yours very truly,


Richard Guregian

RG/vjb
Enclosures

Interstate Commerce Commission
Washington, D.C. 20423

12/20/77

OFFICE OF THE SECRETARY

Richard Guregian
Vice President -Finance
Detroit, Toledo & Ironton RR.Co.
One Parklane Boulevard
Dearborn, Michigan 48126

Dear

Sir:

The enclosed document(s) was recorded pursuant to the
provisions of Section 20(c) of the Interstate Commerce Act,
49 U.S.C. 20(c), on 12/20/77 at 10:05:31
and assigned recordation number(s)

9129
Sincerely yours,

H.G. Homme, Jr.
Acting Secretary

Enclosure(s)

SE-30-T
(6/77)

WOLVERINE LEASING COMPANY

7-10 2: A...
WOLVERINE LEASING COMPANY
WOLVERINE LEASING COMPANY

WOLVERINE LEASING COMPANY ("Wolverine"), in consideration of the sum of One Dollar (\$1.00) and other good and valuable consideration, receipt of which is hereby acknowledged, does hereby sell, assign, set over and transfer to CITICORP LEASING, INC., a Delaware corporation (Citicorp Leasing), as assignee of the Detroit, Toledo and Ironton Railroad Company (the "Railroad") under the Railroad's Purchase Order Number D-27321 dated November 28, 1977, and to the successors and assigns of Citicorp Leasing, ninety-eight (98) 94-ton Coil Steel Flat Cars, numbered DTI 1100-1199, excluding cars 1119 and 1134; and Wolverine hereby warrants to Citicorp Leasing that on the date hereof Wolverine had full legal title to the above-described Flat Cars and good and lawful right to sell said Flat Cars and the title to said Flat Cars was free of all claims, liens and encumbrances of any nature whatsoever; provided, that Wolverine makes no warranty regarding any claim, lien or encumbrances created without Wolverine's knowledge and consent, which may have arisen in connection with Railroad's use or possession of the Flat Cars; and Wolverine further warrants to Citicorp Leasing that Wolverine will defend said title. The Flat Cars are sold on an "as-is, where-is" basis.

IN WITNESS WHEREOF, Wolverine has caused its corporate seal to be hereto affixed, duly attested and this instrument to be signed in its name by its Vice President, this 30th day of December, 1977.

WOLVERINE LEASING COMPANY

By: C. E. Wieser
C. E. WIESER

Its: Vice President

(Corporate Seal)

ATTEST:

G. Konchal
G. KONCHAL
TREASURER

9129

RECORDATION NO. 7129 Filed & Recorded

DEC 20 1977-10 22 AM

INTERSTATE COMMERCE COMMISSION

CONDITIONAL SALE AGREEMENT

Dated as of December 1, 1977

BETWEEN

CITICORP LEASING, INC.

AND

**DETROIT, TOLEDO AND IRONTON
RAILROAD COMPANY**

FOR PURCHASE OF 98 94-ton COIL STEEL FLAT CARS

With PROFORM SFRP COVERING SYSTEMS

THIS CONDITIONAL SALE AGREEMENT, dated as of December 1, 1977, between **CITICORP LEASING, INC.**, a Delaware corporation with an office at 399 Park Avenue, New York, New York 10022 (hereinafter called the *Vendor*), and **DETROIT, TOLEDO AND IRLINGTON RAILROAD COMPANY**, a Delaware corporation with an office at One Parklane Boulevard, Dearborn, Michigan 48126 (hereinafter called the *Railroad*),

WITNESSETH:

WHEREAS, the Railroad has executed Purchase Order Number D-27321 dated November 28, 1977 (the *Wolverine Purchase Order*) pursuant to which Wolverine Leasing Company (*Wolverine*) is to sell to the Railroad ninety eight (98) 94-ton Coil Steel Flat Cars (hereinafter sometimes called the *Flat Cars*);

WHEREAS, the Railroad has executed Purchase Order Number D-27125 dated November 17, 1977 (the *Proform Purchase Order*) pursuant to which Proform, Inc. (*Proform*) is to sell to the Railroad 98 Proform SFRP Coil Flat Car Covering Systems, as described in General Arrangement Drawing Number E-015-195 and approved by the Railroad's Mechanical Department (hereinafter sometimes called the *Covering Systems* and, together with the Flat Cars, the *Equipment*);

WHEREAS, the Railroad has requested the Vendor, as its designee, to take title to the Flat Cars directly from Wolverine and to the Covering Systems directly from Proform, to pay the Purchase Price, as such term is hereinafter defined, of the Flat Cars and the Covering Systems, respectively, pursuant to the terms and conditions of the Wolverine Purchase Order and Proform Purchase Order, respectively, and thereupon to sell

the Equipment to the Railroad pursuant to the terms hereof;
and

WHEREAS, to facilitate the foregoing request and in consideration of the execution of this Agreement by the Vendor, the Railroad hereby assigns, transfers and sets over to the Vendor all of the Railroad's right, title and interest in and to the Wolverine Purchase Order and the Proform Purchase Order, respectively; *provided, however*, that the Railroad is relieved of and discharged from its obligations to Wolverine and Proform, respectively, under the Wolverine Purchase Order and the Proform Purchase Order, respectively, only to the extent that such obligations are fulfilled by the Railroad pursuant to this assignment and the provisions of this Agreement;

NOW, THEREFORE, in consideration of the mutual promises, covenants and agreements hereinafter set forth, the parties hereto do hereby agree as follows:

ARTICLE 1. *Acquisition of the Equipment.* The Vendor agrees to accept a transfer of title to the Flat Cars from Wolverine and to pay the Purchase Price therefor under the terms and conditions set forth in the Wolverine Purchase Order; *provided, however*, that the Vendor shall not be obligated to pay, perform or discharge any obligation under the Wolverine Purchase Order other than the obligation to pay the Purchase Price provided herein; and *provided, further*, that the Vendor's obligations hereunder shall be subject to the satisfaction, on or prior to the Initial Closing Date, as such term is hereinafter defined, of the following conditions:

- (a) The Vendor shall have received, on or prior to the Initial Closing Date:

(i) a bill of sale (the *Wolverine Bill of Sale*), dated the Initial Closing Date, in the form annexed hereto as Exhibit A, together with evidence satisfactory to the Vendor of the release, discharge and satisfaction of any and all liens, charges, encumbrances or security interests (hereinafter referred to as *Liens*) on or in respect of the the Flat Cars;

(ii) an opinion of counsel for Wolverine, dated the Initial Closing Date and addressed to the Vendor, substantially in the form annexed hereto as Exhibit B;

(iii) a certificate of the Railroad, dated the Initial Closing Date, in the form attached hereto as Exhibit C;

(iv) an opinion of counsel for the Railroad, dated the Initial Closing Date, addressed to the Vendor and in form and substance satisfactory to the Vendor and its special counsel, to the effect set forth in paragraphs (a) through (e) of Article 3 hereof;

(v) an invoice or invoices of Wolverine stating a purchase price (herein referred to, with reference to the Flat Cars, as the *Purchase Price*) of \$11,500 per Flat Car, or an aggregate amount of \$1,127,000 for all Flat Cars;

(vi) a Certificate of Acceptance, dated the Initial Closing Date, duly executed by an authorized representative of the Railroad, stating that each of the Flat Cars described therein has been inspected by the Railroad, that each such Flat Car has been delivered and fully and finally accepted on the Railroad's behalf by

such representative and that each such Flat Car is marked in accordance with Article 5 hereof; and

(vii) evidence, satisfactory to the Vendor and its special counsel, that this Agreement, the Wolverine Bill of Sale and instruments with respect to the release, discharge and satisfaction of all Liens have been filed and recorded with the Interstate Commerce Commission in accordance with Section 20(c) of the Interstate Commerce Act.

The Vendor agrees to accept a transfer of title to the Covering Systems from Proform and to pay the Purchase Price therefor under the terms and conditions set forth in the Proform Purchase Order; *provided, however*, that the Vendor shall not be obligated to pay, perform or discharge any obligation under the Proform Purchase Order other than the obligation to pay the Purchase Price provided herein; and *provided, further*, that the Vendor shall not be obligated to accept a transfer of title to any Covering Systems delivered after March 31, 1978 (hereinafter referred to as the *Cut-Off Date*). The Vendor's obligations hereunder shall be subject to the satisfaction, on or prior to each Monthly Closing Date, as such term is hereinafter defined, of the following conditions:

(b) The Vendor shall have received, on or prior to each Monthly Closing Date:

(i) a bill of sale (the *Proform Bill of Sale*), dated such Monthly Closing Date and issued with respect to all Covering Systems included in a Group, as such term is hereinafter defined, and delivered on such Monthly Closing Date, in the form annexed as Exhibit D hereto;

(ii) in the case of the first such Monthly Closing Date, an opinion of counsel for Proform, dated such Monthly Closing Date and addressed to the Vendor, in the form annexed hereto as Exhibit E;

(iii) a certificate of the Railroad, dated such Monthly Closing Date, in the form annexed hereto as Exhibit F;

(iv) an invoice or invoices of Proform stating a purchase price (herein referred to, with reference to the Covering Systems, as the *Purchase Price*) of \$4,000 for each Covering System included in such Group and settled for on such Monthly Closing Date, which invoice or invoices shall include a statement to the effect that the aggregate Purchase Price of the Covering Systems itemized in such invoice or invoices and all prior invoices delivered in respect of Covering Systems does not exceed \$392,000; and

(v) a Certificate of Acceptance, dated such Monthly Closing Date, duly executed by an authorized representative of the Railroad, stating that each Covering System, described therein and to be acquired by the Vendor on such Monthly Closing Date, has been inspected, and that each such Covering System has been delivered and installed on a Flat Car and fully and finally accepted on the Railroad's behalf by such representative.

In the event that all of the Covering Systems shall not have been delivered and installed on or prior to the Cut-Off Date, the Railroad agrees to accept from the Vendor a reassignment of the Proform Purchase Order, to the extent that the Proform Purchase Order relates to any such undelivered units, and, thereafter, to indemnify the Vendor and hold the Vendor

harmless from and against any and all claims of Proform under and with respect to the Proform Purchase Order.

ARTICLE 2. *Payment of Purchase Price; Conditional Sale by the Vendor to the Railroad.* Settlement for the Flat Cars shall be made on December 20, 1977 (the *Initial Closing Date*). For purposes of settlement therefor, the Covering Systems shall be divided into not more than four groups of Covering System units (each such group being hereinafter referred to as a *Group*) and each such Group shall include all Covering Systems delivered and installed from the Initial Closing Date through December 31, 1977, in the case of the first such Group, and, thereafter, all Covering Systems delivered and installed from the beginning of any calendar month through the end of such calendar month. As used herein the term *Monthly Closing Date* shall mean January 3, 1978, in the case of the first Group, February 1, 1978, in the case of the Second Group, March 1, 1978, in the case of the third Group, and March 31, 1978, in the case of the fourth Group. Payment made in respect of the Purchase Price of Flat Cars shall be made by bank wire transfer in Federal Funds; payment made in respect of the Purchase Price of Covering Systems may be in New York Clearing House funds.

Upon completion of the transfer of title to the Vendor and payment of the Purchase Price to Wolverine and Proform, respectively, contemplated in Article 1 hereof, the Vendor will sell to the Railroad, and the Railroad will purchase from the Vendor, the Equipment, subject to the terms and conditions of this Agreement. Sale by the Vendor shall be without warranties or representations of any kind, except that the Vendor warrants to the Railroad that on or before the Initial Closing Date or the applicable Monthly Closing Date, as the case may be, it will not have done or committed, or willingly suffered to be done or committed, any act or thing whatsoever whereby the Equipment

is or shall be subject to any Lien. The Vendor shall retain full legal title to and property in all of the Equipment until the Railroad shall have made all the payments and shall have performed all of the covenants in this Agreement provided to be made, kept or performed by the Railroad, notwithstanding the delivery of the Equipment to and the possession and use thereof by the Railroad as herein provided. Any and all replacement of parts of the Equipment or additional equipment or facilities installed thereon or therein shall constitute accessions to the Equipment and title to such accessions shall be immediately vested in the Vendor and such accessions shall be subject to all the terms, reservations and conditions of this Agreement.

The Railroad hereby acknowledges itself to be indebted to the Vendor, and hereby promises to pay to the Vendor, at such place as the Vendor may designate, an amount (the *Conditional Sale Indebtedness*) equal to the sum of the Purchase Price paid by the Vendor to Wolverine with respect to the Flat Cars on the Initial Closing Date and the Purchase Price paid by the Vendor to Proform with respect to each Group of Covering Systems settled for on each Monthly Closing Date.

The Conditional Sale Indebtedness shall be paid by the Railroad to the Vendor in New York Clearing House funds at the office of the Vendor at 399 Park Avenue, New York, New York, in forty equal quarterly installments. The installments of Conditional Sale Indebtedness shall be payable on each January 1, April 1, July 1 and October 1, of each year, commencing July 1, 1978 (or, if any such date is not a business day, on the next succeeding business day), each such date being hereinafter referred to as a *Payment Date*. The unpaid balance of the Conditional Sale Indebtedness shall bear interest from the Initial Closing Date or the Monthly Closing Date on which such Conditional Sale Indebtedness was incurred at the rate of 9-7/8% per annum, and such interest shall be payable, to the

extent accrued, on April 1, 1978 and on each Payment Date. The installments payable on each Payment Date shall be consecutive level payments of principal and interest, except that the last such payment shall be in an amount sufficient to discharge all unpaid principal of and accrued interest on the Conditional Sale Indebtedness in full. Promptly following the last Monthly Closing Date the Railroad will furnish to the Vendor a payment schedule substantially in the form of Schedule I annexed hereto showing the respective amounts of principal and interest payable on each Payment Date.

Interest under this Agreement shall be determined on the basis of a 360-day year of twelve 30-day months.

The Railroad will pay interest at the rate of 11-7/8% per annum, to the extent legally enforceable, on all amounts remaining unpaid after the same shall have become due and payable pursuant to the terms hereof, anything herein to the contrary notwithstanding.

The term *business day*, as used herein, means calendar days, except Saturdays, Sundays, holidays and any other day on which banking institutions in Detroit, Michigan or New York, New York are authorized to remain closed.

The Conditional Sale Indebtedness shall be prepaid as provided in Article 8 hereof and may be prepaid in whole, but not in part, on any Payment Date occurring after the twentieth (20th) Payment Date by the payment of an amount equal to the sum of (i) the original principal amount of the Conditional Sale Indebtedness multiplied by the percentage of such original principal amount set forth opposite the number of such Payment Date in Schedule II annexed hereto and (ii) the amount of the regular installment of principal and interest due on such Payment Date.

All payments provided for in this Agreement shall be made in such coin or currency of the United States of America as at the time of payment shall be legal tender for payment of public and private debts.

When the Railroad shall have paid in full the entire purchase price for all of the Equipment, with interest thereon, and all other payments herein provided to be made by the Railroad with respect thereto, title to and property in the Equipment shall pass to the Railroad without further transfer or act on the part of the Vendor, but the Vendor will, if requested by the Railroad to do so, execute and deliver to the Railroad a bill of sale or other instruments of conveyance of the Equipment, and warranty of title to the Equipment in such bill of sale or other instruments of conveyance thereof shall be only against the acts and deeds of the Vendor. To the extent permitted by applicable law, the Railroad hereby waives any and all rights to the payment of any fines or penalties for failure of the Vendor to comply with any applicable statute with respect to evidencing satisfaction of this Agreement, except for failure to do so within a reasonable time after written demand by the Railroad.

ARTICLE 3. *Representations and Warranties.* The Vendor represents and warrants that the execution of this Agreement is within its corporate authority and has been authorized by proper corporate action.

The Railroad represents, warrants and covenants that:

(a) The Railroad is a duly organized and validly existing corporation in good standing under the laws of the State of Delaware, and has the power and authority to own its properties and carry on its business as now conducted.

(b) The execution and delivery of this Agreement is within its corporate authority, has been authorized by proper

corporate proceedings and will not contravene any provision of law or of its certificate of incorporation, by-laws or any agreement or other instrument binding upon it, and this Agreement is a valid and binding obligation of the Railroad enforceable against the Railroad in accordance with its terms.

(c) No governmental authorizations of the United States of America, or of any department or agency thereof or any political subdivision thereof, are required as to the Railroad for the execution and delivery of this Agreement or for the validity and enforceability hereof or the conditional sale hereunder on the terms and conditions provided for herein, or, if any such authorizations are required, they have been obtained.

(d) No litigation or administrative proceedings are pending or, to the knowledge of the Railroad, threatened against the Railroad, the adverse determination of which would affect the validity of this Agreement, the ability of the Railroad to fulfill its obligations hereunder, or the rights of the Vendor hereunder.

(e) Upon delivery by Wolverine of the Wolverine Bill of Sale and by Proform of each Proform Bill of Sale, the Vendor shall thereby acquire full legal title, respectively, to the Flat Cars and such Covering Systems as shall be described in each Proform Bill of Sale and good and lawful right to sell such Flat Cars and such Covering Systems, respectively, and title to such Flat Cars and such Covering Systems shall be vested in Vendor free of all Liens subject only to the rights of the Railroad under this Agreement; *provided, however*, that as to the following matters, the warranties of the Railroad in this paragraph (e) are limited to a warranty that the Railroad does not have notice to the contrary thereof: that Wolverine and Proform, respectively, are duly organized and validly existing corporations in good standing and have the power and authority to carry on their respective businesses as now conducted; that the Wolverine and

Proform Bills of Sale, respectively, have been duly authorized and delivered by Wolverine and Proform, respectively, and are valid instruments binding upon Wolverine and Proform, respectively, in accordance with their respective terms, and will not contravene any provision of law or their respective charters, by-laws or other agreements or other instruments; that neither Wolverine nor Proform has made or suffered any transfer of title to, or permitted any Lien against the Flat Cars or the Covering Systems.

(f) The Railroad has possession of the Flat Cars, has accepted the same, and the Flat Cars conform to all Interstate Commerce Commission and Department of Transportation (Federal Railroad Administration) requirements and specifications interpreted as being applicable to railroad equipment of the character of such Flat Cars and the Flat Cars are free from defects in material and workmanship and are in good and serviceable condition.

ARTICLE 4. Taxes. All payments to be made by the Railroad hereunder will be free of expense to the Vendor in respect of the amount of any local, state or Federal taxes (other than income, gross receipts, excess profits and similar taxes), assessments, license fees, charges, fines or penalties of any kind (herein collectively called *Taxes or Assessments*) hereafter levied or imposed upon or measured by this Agreement, or any sale, use, payment, shipment, delivery or transfer of title under the terms hereof, all of which Taxes or Assessments the Railroad assumes and agrees to pay on demand in addition to the Purchase Price of the Equipment. The Railroad will also pay promptly all Taxes or Assessments which may be imposed upon the Equipment delivered to it or for the use or operation thereof by the Railroad or upon the earnings arising therefrom or upon the Vendor solely by reason of its ownership thereof and will keep at all times each unit of the Equipment free and clear of all

Taxes or Assessments which might in any way affect the title of the Vendor or result in a Lien upon any unit of the Equipment, except the Lien of Taxes or Assessments not due and payable: *provided, however*, that the Railroad shall be under no obligation to pay any Taxes or Assessments so long as it is contesting such Taxes or Assessments in good faith and by appropriate legal proceedings and the non-payment thereof does not, in the opinion of the Vendor, adversely affect the property or rights of the Vendor hereunder. If any such Taxes or Assessments shall have been charged or levied against the Vendor directly and paid by the Vendor, the Railroad shall reimburse the Vendor on presentation of an invoice therefor and any sums of money so paid by the Vendor shall be secured by and under this Agreement as a Lien on the Equipment; and *provided, further*, that the Railroad shall be under no obligation to reimburse the Vendor for any sums of money so paid, nor shall any such sums of money so paid be secured by and under this Agreement as a Lien on the Equipment, unless the Vendor shall, by a least thirty (30) days' written notice given to the Railroad of its intention to make such payment, afford a reasonable opportunity to the Railroad to contest in good faith any such Taxes or Assessments which may have been so charged or levied against the Vendor.

ARTICLE 5. *Marking of Equipment.* The Railroad will cause each unit of the Equipment to be kept numbered with the identifying number thereof as set out in the Wolverine Purchase Order and will not change or permit the change of numbers of any such units except with the consent of the Vendor and in accordance with a statement of new numbers to be substituted therefor, which consent and statement previously shall have been filed with the Vendor by the Railroad and filed, recorded or deposited in all public offices where this Agreement shall have been filed, recorded or deposited.

The Railroad will not allow the name of any person, association or corporation to be placed on, or to remain on, any of the Equipment as a designation which might be interpreted as a claim of ownership by the Railroad or anyone other than the Vendor: *provided, however*, that the Railroad may cause the Equipment to bear the designation "Detroit, Toledo and Ironton Railroad Company" or "D.T. & I.", together with such insignia as the Railroad customarily displays on the side of other railroad equipment owned or leased by the Railroad.

ARTICLE 6. *Maintenance and Repair.* The Railroad will at all times maintain the Equipment or cause it to be maintained in good order and repair without expense to the Vendor.

ARTICLE 7. *Insurance.* At all times while this Agreement is in effect, the Railroad, at its own expense shall keep the Equipment adequately insured against damage or destruction by fire, while on its own lines or on lines over which it operates, in an insurance company or companies approved by the Vendor. The policies shall specify that all payments of loss on the Equipment shall be made to the Vendor and that such policies cannot be cancelled or modified except on at least thirty (30) days prior written notice to the Vendor. The policies of insurance, certified copies thereof or certificates of coverage satisfactory to the Vendor, shall be deposited with the Vendor. In case the Railroad shall fail to keep such Equipment so insured and to deposit policies, certified copies thereof or certificates of coverage as aforesaid, the Vendor may itself insure such Equipment, and in this event the Railroad shall be obligated to repay to the Vendor the amounts of premiums paid therefor with interest thereon at the rate of 9-7/8% per annum from the time of notice to the Railroad of such premium payment until repaid, which notice to the Railroad shall be made by delivering to the Railroad a certified copy of such policy or policies of insurance, or certificates of coverage giving the terms of coverage of such

policies in reasonable detail. All insurance moneys shall be paid to the Vendor and shall be applied by the Vendor on the next ensuing Payment Date in accordance with the provisions of Article 8 hereof.

ARTICLE 8. *Lost or Destroyed Equipment.* In the event that any unit of the Equipment shall be worn out, lost, destroyed, irreparably damaged, requisitioned for use or otherwise taken or rendered unfit for use from any cause whatsoever, including such units which have been in Bad Order (as such term is understood by the railroad industry in the United States) for a continuous period in excess of six months, during the continuance of this Agreement (such occurrences being hereinafter referred to as a *Casualty Occurrence*), the Railroad shall promptly and fully inform the Vendor in regard thereto. On the next Payment Date following the date of such information, the Railroad shall pay to the Vendor a sum equal to the sum of (i) the original principal amount of the Conditional Sale Indebtedness applicable to such unit or units of Equipment having suffered a Casualty Occurrence multiplied by the percentage of such original principal amount of the Conditional Sale Indebtedness set forth opposite the number of such Payment Date in Schedule III annexed hereto, and (ii) the amount of the regular installment of principal and interest due with respect to such unit or units of Equipment on such Payment Date.

ARTICLE 9. *Compliance with Laws and Rules.* During the term of this Agreement the Railroad will comply in all respects with all laws of the jurisdictions in which its operations involving the Equipment may extend and with all lawful rules of the Interstate Commerce Commission, Department of Transportation (Federal Railroad Administration) and any other legislative, executive, administrative or judicial body exercising any power or jurisdiction over the Equipment, to the extent that such laws and rules affect the title, operation or use

of the Equipment, and in the event that such laws or rules require the alteration of the Equipment, the Railroad will conform therewith, at its expense, and will maintain the same in proper condition for operation under such laws and rules; *provided, however*, that the Railroad may, in good faith, contest the validity or application of any such law or rule in any reasonable manner which does not, in the opinion of the Vendor, adversely affect the property or rights of the Vendor hereunder.

ARTICLE 10. Reports and Inspections. On or before March 31 in each year, the Railroad will furnish to the Vendor an accurate statement showing as at the preceding December 31, (i) the amount, description and railroad numbers of the Equipment then covered hereby, (ii) the amount, description and numbers of all units of the Equipment that may have been worn out, lost, destroyed or irreparably damaged, whether by accident or otherwise, during the preceding calendar year, (iii) the numbers of the units then undergoing repairs and awaiting repairs, and (iv) such additional information regarding the condition and state of repair of the Equipment as the Vendor may reasonably request. The Vendor shall have the right, by their agents, to inspect the Equipment and the Railroad's records with respect thereto from time to time as may be reasonably requested by Vendor.

The Railroad will furnish to the Vendor, within 120 days after each fiscal year of the Railroad, a copy of the annual audited report of the Railroad prepared by an independent certified public accountant, and within 45 days after each of its fiscal quarters, unaudited financial statements showing its financial condition at the close of such fiscal quarter and the results of its operations for the period ended certified by a proper accounting officer of the Railroad. Each such annual report and quarterly statement shall contain an additional certification

by a proper accounting officer of the Railroad that the Railroad is not in default under the terms of this Agreement.

The Railroad will furnish to Vendor seven (7) days written notice prior to instituting any action to contest (i) taxes, assessments, license fees, charges, fines or penalties as provided in Article 4 hereof, (ii) the validity or application of laws or rules as provided in Article 9 hereof, or (iii) claims upon the Equipment as provided in Article 12 hereof.

ARTICLE 11. *Possession and Use.* The Railroad, so long as it shall not be in default under this Agreement, shall be entitled to the possession and control of the Equipment and the use thereof upon the lines of railroad owned or operated by the Railroad or over which the Railroad has trackage or other operating rights, and upon the lines of railroad of connecting and other carriers in the usual interchange of traffic, but only upon and subject to all the terms and conditions of this Agreement. The Railroad may, with the prior consent of the Vendor, which consent shall not be unreasonably withheld, lease the Equipment, or any part thereof, to a Class I railroad subject to the jurisdiction of the Interstate Commerce Commission; *provided, however,* that the right of the lessee under such lease shall be expressly subordinated to the rights and remedies of the Vendor under this Agreement.

ARTICLE 12. *Prohibition Against Liens.* The Railroad will pay or satisfy or discharge any and all sums claimed by any party by, through or under the Railroad or its successors or assigns which, if unpaid, might become a Lien upon the Equipment, or any unit thereof; *provided, however,* that the Railroad shall not be required to pay or discharge any such Lien so long as the validity thereof shall be contested in good faith and by appropriate legal proceedings in any reasonable manner and the nonpayment thereof does not, in the opinion of the Vendor, adversely affect the property or rights of the Vendor hereunder.

This covenant will not be deemed breached by reason of Liens for Taxes or Assessments not due and delinquent or being contested in accordance with Article 4 hereof, or undetermined or inchoate materialmen's, mechanics', workmen's or other like Liens arising in the ordinary course of business and in each case not delinquent.

ARTICLE 13. *Indemnities and Assumption of Liability.* The Railroad agrees to indemnify and save harmless the Vendor from and against all loss, damages, injuries, liabilities, claims and demands whatsoever, regardless of the cause thereof, and expenses in connection therewith, including counsel fees, arising out of retention by the Vendor of title to the Equipment, or out of the use and operation thereof by the Railroad during the period when title thereto remains in the Vendor. This covenant of indemnity shall continue in full force and effect notwithstanding the full payment of the Conditional Sale Indebtedness, the transfer of title to the Equipment as provided in Article 2 hereof, or the termination of this Agreement in any manner whatsoever.

The Railroad will bear the risk of and shall not be released from its obligations hereunder in the event of any damage to or the destruction or loss of any or all units of the Equipment.

ARTICLE 14. *Patent Indemnities.* The Railroad agrees to indemnify, protect and hold harmless the Vendor from and against any and all liabilities, claims, demands, costs, charges and expenses, including royalty payments and counsel fees, in any manner imposed upon or accruing against the Vendor because of the use in or about the construction or operation of the Equipment, or any unit thereof, of any design which infringes or is claimed to infringe on any patent or other right. This covenant of indemnity shall continue in full force and effect notwithstanding the full payment of the Conditional Sale Indebtedness, the transfer of title to the Equipment as provided

in Article 2 hereof, or the termination of this Agreement in any manner.

ARTICLE 15. *Assignments.* Within 30 days of the filing of an application with the Interstate Commerce Commission seeking approval of the merger of the Railroad into, or consolidation of the Railroad with, any other corporation, the Railroad will give notice to the Vendor of the filing thereof. Within 30 days of the delivery of such notice to the Vendor, the Vendor shall notify the Railroad if the proposed merger or consolidation shall, in the sole discretion of the Vendor, constitute a risk to the credit extended to the Railroad hereunder. If the Vendor gives notice of such risk, and such merger or consolidation shall thereafter be consummated, then upon the consummation thereof, the entire amount of the unpaid Purchase Price of the Equipment, together with interest thereon then accrued and unpaid, shall constitute an event of default under the terms and condition of Article 16 hereof. If the Vendor shall fail to give any such notification within the 30-day period specified above, the obligations of the Railroad shall continue as otherwise provided in this Agreement.

Except in the case of the merger or consolidation of the Railroad into or with such other corporation upon the condition above set forth, or except as provided in Article 11 hereof, the Railroad will not sell, assign, transfer or otherwise dispose of its rights under this Agreement, nor transfer possession of any unit of the Equipment to any other firm, person or corporation without first obtaining the written consent of the Vendor (which consent shall not be unreasonably withheld) to such sale, assignment or transfer.

All or any of the rights, benefits and advantages of the Vendor under this Agreement, including the right to receive the payments herein provided to be made by the Railroad may be assigned by the Vendor and reassigned by any assignee at any

time or from time to time. No such assignment shall relieve the Vendor from any of the obligations of the Vendor to purchase and deliver the Equipment in accordance herewith or to respond to its agreements contained in this Agreement, or relieve the Railroad of its obligations to the Vendor hereunder or any other obligation which, according to its terms and context, is intended to survive an assignment.

Upon any such assignment, either the assignor or the assignee shall give written notice to the Railroad, together with a counterpart or copy of such assignment, stating the identity and post office address of the assignee, and such assignee shall by virtue of such assignment acquire all or a portion, as the case may be, of the assignor's rights, benefits and advantages under this Agreement including all of the Vendor's right, title and interest in and to the Equipment, or in and to a portion thereof, as the case may be, subject only to such reservations as may be contained in such assignment. From and after the receipt by the Railroad of the notification of any such assignment, all payments thereafter to be made by the Railroad hereunder shall, to the extent so assigned, be made to or for the account of the assignee in such manner as it may direct.

ARTICLE 16. Defaults. In the event that one or more of the following events of default shall occur and be continuing, to-wit:

(a) The Railroad shall fail to pay in full, within 10 days after the same shall become due and payable hereunder, any sum payable by the Railroad as herein provided in respect of the Conditional Sale Indebtedness or interest thereon; or

(b) The Railroad shall, for more than 10 days after the Vendor shall have demanded in writing performance thereof, fail or refuse to comply with any covenant,

agreement, term or provision of this Agreement on its part to be kept or performed (other than the failure to make payments as provided in subparagraph (a) hereinabove or the unauthorized transfer or assignment of the Equipment as provided in subparagraph (e) hereinbelow) or to make provision satisfactory to the Vendor for such compliance; or

(c) A petition for reorganization under Section 77 of the Bankruptcy Act, as now constituted or as said Section 77 may be hereafter amended or replaced, shall be filed by or against the Railroad and, unless such petition shall have been dismissed, nullified, stayed or otherwise rendered ineffective (but then only so long as such stay shall continue in force or such ineffectiveness shall continue), all the obligations of the Railroad under this Agreement shall not have been duly assumed in writing, pursuant to a court order or decree, by a trustee or trustees appointed in such proceedings in such manner that such obligations shall have the same status as obligations incurred by such trustee or trustees, within 30 days after such appointment, if any, or 60 days after such petition shall have been filed, whichever shall be earlier; or

(d) Any proceedings shall be commenced by or against the Railroad for any relief which includes, or might result in, any modification of the obligations of the Railroad hereunder under any bankruptcy or insolvency law relating to the relief of debtors, readjustments of indebtedness, reorganizations, arrangements, compositions, extensions or receiverships, and unless such proceedings shall have been dismissed, nullified, stayed or otherwise rendered ineffective (but then only so long as such stay shall continue), all the obligations of the Railroad under this Agreement shall not have been

duly assumed in writing, pursuant to a court order or decree, by a trustee or trustees or a receiver or receivers appointed for the Railroad or for its property in connection with any such proceeding in such manner that such obligations shall have the same status as obligations incurred by such trustee or trustees or receiver or receivers, within 30 days after such appointment, if any, or 60 days after such proceedings shall have been commenced, whichever shall be earlier; or

(e) The Railroad shall make or suffer any unauthorized assignment or transfer of this Agreement or any interest herein or any unauthorized transfer of the right to possession of any unit of the Equipment; or

(f) The Railroad shall fail to pay any material indebtedness for borrowed money or the deferred purchase price of material property or any interest or premium thereon, when due, whether such indebtedness or such deferred purchase price shall become due by scheduled maturity, by required prepayment, by acceleration, by demand or otherwise, or shall fail to perform any term, covenant or agreement evidencing or securing or relating to any such indebtedness or any such deferred purchase price when required to be performed, if the effect of such failure is to accelerate, or to permit the holder or holders of such indebtedness or such deferred purchase obligations or the trustee or trustees under any such agreement or instrument relating thereto to accelerate, the maturity of such indebtedness whether or not such failure to perform shall be waived by such holder or holders or such trustee or trustees;

then at any time after the occurrence of such an event of default the Vendor may, upon written notice to the Railroad and upon

compliance with any mandatory legal requirements then in force and applicable to such action by the Vendor, declare the entire amount of the unpaid Conditional Sale Indebtedness, together with the interest thereon then accrued and unpaid, immediately due and payable, without further demand, and thereafter the aggregate of the unpaid balance of the Conditional Sale Indebtedness and such interest shall bear interest from the date of such declaration at the rate of $11-7/8\%$ per annum, to the extent legally enforceable, and the Vendor shall thereupon be entitled to recover judgement out of any property of the Railroad wherever situated.

ARTICLE 17. Remedies. If the Railroad shall have defaulted as hereinbefore provided, then at any time after the entire unpaid portion of the Conditional Sale Indebtedness shall have been declared immediately due and payable as hereinbefore provided and during the continuance of such default, the Vendor, to the extent not prohibited by any mandatory requirements of law, may, upon such further notice, if any, as may be required for compliance with any mandatory requirements of law applicable to the action to be taken by the Vendor, take or cause to be taken by its agent or agents immediate possession of the Equipment, or any unit thereof, without liability to return to the Railroad any sums theretofore paid and free from all claims whatever, except as hereinafter in this Article 17 expressly provided, and may remove the same from possession and use of the Railroad and for such purpose may enter upon the Railroad's premises where the Equipment may be located and may use and employ in connection with such removal any supplies, services and aids and any available trackage and other facilities or means of the Railroad, with or without process of law.

In case the Vendor shall rightfully demand possession the Equipment in accordance with this Agreement and shall reasonably designate a point or points upon the lines of the

Railroad for the delivery of the Equipment, or any unit thereof to the Vendor, the Railroad shall, at its own expense forthwith and in the usual manner, cause the Equipment, or any such unit, to be moved to such point or points on its lines as shall be designated by the Vendor and shall there deliver the Equipment, or any such unit, or cause it or them to be delivered to the Vendor, and, at the option of the Vendor, the Vendor may keep the Equipment, or any such unit, on any of the lines of the Railroad or premises of the Railroad until the Vendor shall have leased, sold or otherwise disposed of the same, and for such purpose the Railroad agrees to furnish, without charge for rent or storage, the necessary facilities at any point or points selected by the Vendor reasonably convenient to the Railroad. This agreement to deliver the Equipment, or any such unit, and to furnish facilities for its storage as hereinbefore provided is of the essence of the agreement between the parties, and, upon application to any court of equity having jurisdiction in the premises, the Vendor shall be entitled to a decree against the Railroad requiring specific performance hereof. The Railroad hereby expressly waives any and all claims against the Vendor and its agent or agents for damages of whatever nature in connection with any retaking of any units of the Equipment in any reasonable manner.

If the Railroad shall make default as hereinbefore provided, then at any time thereafter during the continuance of such default and after the entire unpaid portion of the Conditional Sale Indebtedness shall have been declared immediately due and payable as hereinbefore provided, the Vendor (after retaking possession of the Equipment, or any unit thereof, as hereinbefore in this Article 17 provided) may at its election, to the extent not prohibited by any mandatory requirements of law then in force and applicable thereto, (i) retake possession of the Equipment, or any unit thereof, and retain the Equipment, or any such unit, as its own and make such disposition thereof as the Vendor shall deem fit (including, if the Vendor so elects,

the leasing of the Equipment, or any unit thereof, on such terms as it shall deem fit), and in such event all the Railroad's rights in the Equipment, or any such unit, will thereupon terminate and, to the extent not prohibited by any mandatory requirements of law, all payments theretofore made by the Railroad may be retained by the Vendor as compensation for the use of the Equipment, or any such unit, by the Railroad; *provided, however,* that if the Railroad, within 30 days of receipt of notice of the Vendor's election to retain the Equipment, or any such unit, for its own use, as hereinbefore provided, shall pay or cause to be paid to the Vendor the total unpaid balance of the Conditional Sale Indebtedness which the Railroad has agreed to pay hereunder, together with interest thereon accrued and unpaid and all other payments due by the Railroad under this Agreement, then in such event absolute right to the possession of, title to and property in such Equipment, or any such unit, shall pass to and vest in the Railroad, or (ii) with or without retaking possession of the Equipment, or any unit thereof, sell the Equipment, or any such unit, free from any and all claims of the Railroad or of any other party claiming by, through or under the Railroad, at law or in equity, at public or private sale and with or without advertisement as the Vendor may determine, all subject to and in compliance with any mandatory requirements of law then in force and applicable to such sale, and the proceeds of such sale, less the attorneys' fees and any other expenses incurred by the Vendor in taking possession of, removing, storing and selling the Equipment, or any such unit, shall be credited first to interest, and then to principal due to the Vendor under the provisions of this Agreement. Written notice of the Vendor's election to retain the Equipment, or any unit thereof, for its own use may be given to the Railroad by telegram or registered mail addressed to the Railroad as provided in Article 22 hereof, at any time during a period of 30 days after the entire unpaid portion of the Conditional Sale Indebtedness shall have been declared immediately due and payable as

hereinbefore provided, and if no such notice shall have been given, the Vendor shall be deemed to have elected to sell the Equipment in accordance with the provisions of this Article 17.

To the extent permitted by any mandatory requirements of law then in force and applicable thereto, any sale hereunder may be held or conducted at such place or places and at such time or times as the Vendor may specify, in one lot and as an entirety or in separate lots, and without the necessity of gathering at the place of sale the Equipment to be sold, and in general in such manner as the Vendor may determine in compliance with any such requirements of law, *provided, however*, that the Railroad shall be given written notice of such sale as provided in any such requirements, but in any event not less than 10 days prior thereto, by telegram or registered mail addressed to the Railroad as provided in Article 22 hereof. To the extent not prohibited by any such requirements of law, the Vendor may bid for and become the purchaser of the Equipment, or any unit thereof, so offered for sale without accountability to the Railroad (except to the extent of surplus money received as provided in this Article 17), and in payment of the purchase price therefor the Vendor shall be entitled to the extent not prohibited as aforesaid to have credited on account thereof all sums due to the Vendor from the Railroad hereunder.

Each and every power and remedy hereby specifically given to the Vendor shall be in addition to every other power and remedy hereby specifically given or now or hereafter existing at law or in equity, and each and every power and remedy may be exercised from time to time and simultaneously and as often and in such order as may be deemed expedient by the Vendor. All such powers and remedies shall be cumulative, and the exercise of one shall not be deemed a waiver of the right to exercise any other or others.

The Railroad will pay all reasonable expenses, including attorneys' fees, incurred by the Vendor in enforcing its remedies under the terms of this Agreement. In the event that the Vendor shall bring any suit to enforce any of its rights hereunder and shall be entitled to judgment, then in such suit the Vendor may recover reasonable expenses, including attorneys' fees, and the amount thereof shall be included in such judgment.

If, after applying all sums of money realized by the Vendor under the remedies herein provided, there shall remain any amount due to the Vendor under the provisions of this Agreement, the Railroad shall pay the amount of such deficiency to the Vendor upon demand, and, if the Railroad shall fail to pay such deficiency, the Vendor may bring suit therefor and shall be entitled to recover judgment therefor against the Railroad. If, after applying as aforesaid all sums realized by the Vendor, there shall remain a surplus in the possession of the Vendor, such surplus shall be paid to the Railroad.

In the event of the assignment of interests hereunder to more than one assignee, each such assignee shall be entitled to exercise all rights of the Vendor hereunder in respect of the Equipment assigned to such assignee, irrespective of any action or failure to act on the part of any other assignee.

The Railroad, to the fullest extent permitted by law, hereby waives all statutory or other legal requirements for any notice of any kind, including notice of intention to take possession of the units of Equipment and to sell them and any other requirements as to the time, place and terms of sale thereof, and any other requirements with respect to the enforcement of the Vendor's rights hereunder, except such notices as are expressly required by the terms of this Agreement, and any and all rights of redemption.

ARTICLE 18. *Applicable State Laws.* Any provision of this Agreement prohibited by any applicable law of any State, or which by any applicable law of any State would convert this Agreement into any instrument other than an agreement of conditional sale, shall as to such State be ineffective, without modifying the remaining provisions of this Agreement. Where, however, the conflicting provisions of any applicable State law may be waived, they are hereby waived by the Railroad to the full extent permitted by law, to the end that this Agreement shall be deemed to be a conditional sale and enforced as such.

ARTICLE 19. *Extension Not a Waiver.* No delay or omission in the exercise of any power or remedy herein provided or otherwise available to the Vendor shall impair or affect the Vendor's right thereafter to exercise the same. Any extension of time for payment hereunder or other indulgence duly granted to the Railroad shall not otherwise alter or affect the Vendor's rights or the obligations of the Railroad hereunder. The acceptance by the Vendor of any payment after it shall have become due hereunder shall not be deemed to alter or impair the obligations of the Railroad or the Vendor's rights hereunder with respect to any subsequent payments or default herein.

ARTICLE 20. *Recording.* The Railroad will cause this Agreement and any assignments hereof or of any interests herein, and any amendments or supplements hereto or thereto, the Wolverine Bill of Sale and any instruments effecting the release, discharge and satisfaction of all Liens in respect of the Flat Cars to be filed and recorded with the Interstate Commerce Commission in accordance with Section 20c of the Interstate Commerce Act and to be deposited with the Registrar General of Canada in accordance with Section 86 of the Railway Act of Canada. The Railroad will from time to time do and perform any other act and will execute, acknowledge, deliver, file and record and deposit any and all further instruments required by

law or reasonably requested by the Vendor for the purpose of proper protection, to the satisfaction of counsel for the Vendor, of its title to the Equipment and its rights under this Agreement or for the purpose of carrying out the intention of this Agreement. The Railroad will promptly furnish to the Vendor certificates or other evidences of such filing and recording and depositing satisfactory to the Vendor.

ARTICLE 21. *Payment of Expenses.* The Railroad will pay all reasonable costs and expenses (other than counsel fees of the Vendor) of the Vendor and all costs of the printing or other duplicating, execution, acknowledgment, delivery, filing or recording of this Agreement, of any instrument supplemental to or amendatory of this Agreement, of the Wolverine Bill of Sale and any instruments effecting the release, discharge and satisfaction of all Liens in respect of the Flat Cars, and of any certificate of the payment in full of the Conditional Sale Indebtedness due hereunder.

ARTICLE 22. *Notices.* Any notice hereunder to the Railroad shall be deemed to be properly served if delivered or mailed to the Treasurer of the Railroad at Box 530, Dearborn, Michigan 48126, or at such other address as may have been furnished in writing to the Vendor by the Railroad. Any notice hereunder to the Vendor shall be deemed to be properly served if delivered or mailed to the Vendor at 399 Park Avenue, New York, New York 10022, Attention: Manager, Contract Administration, or at such other address as may have been furnished in writing to the Railroad by the Vendor. Any notice hereunder to any assignee of the Vendor or of the Railroad shall be deemed to be properly served if delivered or mailed to such assignee at such address as may have been furnished in writing to the Railroad or the Vendor, as the case may be, by such assignee.

ARTICLE 23. *Article Headings.* All article headings are inserted for convenience only and shall not affect any construction or interpretation of this Agreement.

ARTICLE 24. *Effect and Modification of Agreement.* Except as herein otherwise provided, this Agreement exclusively and completely states the rights of the Vendor and the Railroad with respect to the Equipment and supersedes all other agreements, oral or written, with respect to the Equipment. No variation or modification of this Agreement and no waiver of any of its provisions or conditions shall be valid unless in writing and signed on behalf of the Vendor and the Railroad.

ARTICLE 25. *Law Governing.* This Agreement shall be governed by the laws of the State of New York; *provided, however,* that the parties shall be entitled to all rights conferred by Section 20c of the Interstate Commerce Act.

ARTICLE 26. *Execution.* This Agreement may be simultaneously executed in any number of counterparts, each of which so executed shall be deemed to be an original, and such counterparts together shall constitute but one and the same contract, which shall be sufficiently evidenced by any such original counterpart. Although this Agreement is dated as of December 1, 1977 for convenience, the actual date or dates of execution hereof by the parties hereto is or are, respectively, the date or dates stated in the acknowledgments hereto annexed.

IN WITNESS WHEREOF, the Vendor and the Railroad, pursuant to due corporate authority, have caused this instrument to be executed in their respective corporate names by their respective duly authorized officers and their respective corporate seals to be hereunto affixed and duly attested, all as of the date first above written.

CITICORP LEASING, INC.

[Corporate Seal]

By *[Signature]*
Vice President

ATTEST:

Theodore Pope
Assistant Secretary

**DETROIT, TOLEDO AND
IRONTON RAILROAD COM-
PANY**

By *B. A. Sharp*
President

[Corporate Seal]

ATTEST:

[Signature]
Secretary

STATE OF NEW YORK)
 :SS.:
 COUNTY OF NEW YORK)

On this 14th day of December, 1977, before me personally appeared James Moran, to me personally known, who being by me duly sworn, says that he is a Vice President of Citicorp Leasing, Inc., that the seal affixed to the foregoing instrument is the corporate seal of said corporation, and that said instrument was signed and sealed on behalf of said corporation by authority of its Board of Directors, and he acknowledged that the execution of the foregoing instrument was the free act and deed of said corporation.

Denelia Valentin

Notary Public
 New York County, New York

My Commission Expires:

DENELIA VALENTIN
 Notary Public, State of New York
 No. 81-1650739
 Qualified in New York County
 Commission Expires March 30, 1979

STATE OF NEW YORK)
 :SS.:
 COUNTY OF NEW YORK)

On this 14th day of December, 1977, before me personally appeared **R. A. Sharp**, to me personally known, who being by me duly sworn, says that he is President of Detroit, Toledo and Ironton Railroad Company, that the seal affixed to the foregoing instrument is the corporate seal of said corporation, and that said instrument was signed and sealed on behalf of said corporation by authority of its Board of Directors, and he acknowledged that the execution of the foregoing instrument was the free act and deed of said corporation.

.....**Denelia Valentin**.....
 Notary Public
 New York County, New York

My Commission Expires:

DENELIA VALENTIN
 Notary Public, State of New York
 No. 31-4650739
 Qualified in New York County
 Commission Expires March 30, 1978

SCHEDULE I
TO
CONDITIONAL SALE AGREEMENT

SCHEDULE OF PAYMENTS
OF
CONDITIONAL SALE INDEBTEDNESS

<u>Payment Num.ber</u>	<u>Principal</u>	<u>Interest</u>	<u>Principal Recovery</u>	<u>Payment</u>
1				
2				
3				
4				
5				
6				
7				
8				
9				
10				
11				
12				
13				
14				
15				
16				
17				
18				
19				
20				
21				
22				
23				
24				
25				
26				
27				
28				
29				
30				
31				
32				
33				
34				

<u>Payment Number</u>	<u>Principal</u>	<u>Interest</u>	<u>Principal Recovery</u>	<u>Payment</u>
35				
36				
37				
39				
40				

SCHEDULE II
TO
CONDITIONAL SALE AGREEMENT

PREPAYMENT OF
CONDITIONAL SALE INDEBTEDNESS

<u>Payment Number</u>	<u>Percentage of Original Principal Amount</u>
21	65.71%
22	63.11
23	60.43
24	57.67
25	54.86
26	51.96
27	49.00
28	45.96
29	42.85
30	39.68
31	36.43
32	33.11
33	29.72
34	26.25
35	22.71
36	19.11
37	15.43
38	11.68
39	7.86
40	3.96

SCHEDULE III
TO
CONDITIONAL SALE AGREEMENT

CASUALTY OCCURRENCES

<u>Payment Number</u>	<u>Percentage of Original Principal Amount</u>
1	98.51%
2	96.98
3	95.41
4	93.80
5	92.16
6	90.47
7	88.74
8	86.97
9	85.15
10	83.29
11	81.39
12	79.43
13	77.43
14	75.38
15	73.28
16	71.13
17	68.92
18	66.66
19	64.34
20	61.97
21	59.53
22	57.04
23	54.49
24	51.87
25	49.19

<u>Payment Number</u>	<u>Percentage of Original Principal Amount</u>
26	46.44%
27	43.62
28	40.73
29	37.78
30	34.75
31	31.64
32	28.46
33	25.20
34	21.86
35	18.43
36	14.92
37	11.33
38	7.64
39	3.87
40	0.00

EXHIBIT A
TO
CONDITIONAL SALE AGREEMENT

WOLVERINE LEASING COMPANY

WOLVERINE LEASING COMPANY (*Wolverine*), in consideration of the sum of One Dollar (\$1.00) and other good and valuable consideration, receipt of which is hereby acknowledged, does hereby sell, assign, set over and transfer to **CITICORP LEASING, INC.**, a Delaware Corporation (*Citicorp Leasing*), as assignee of the Detroit, Toledo and Irontronton Railroad Company (the *Railroad*) under the Railroad's Purchase Order Number D-27321 dated November 28, 1977, and to the successors and assigns of Citicorp Leasing, ninety-eight (98) 94-ton Coil Steel Flat Cars, numbered DTI 1100-1199, excluding cars 1119 and 1134; and Wolverine hereby warrants to Citicorp Leasing that on the date hereof Wolverine had full legal title to the above-described Flat Cars and good and lawful right to sell said Flat Cars and the title to said Flat Cars was free of all claims, liens and encumbrances of any nature whatsoever; provided that Wolverine makes no warranty regarding any claims, liens or encumbrances created without Wolverine's knowledge and consent which may have arisen in connection with the Railroad's use or possession of the Flat Cars and Wolverine further warrants to Citicorp Leasing that Wolverine will defend said title. The Flat Cars are sold on an "as-is, where-is" basis.

IN WITNESS WHEREOF, Wolverine has caused its corporate seal to be hereto affixed, duly attested and this instrument to be signed in its name by its _____, this _____ day of _____, 1977.

WOLVERINE LEASING COMPANY

By:

Its:.....

[Corporate Seal]

· ATTEST:

.....

EXHIBIT B
TO
CONDITIONAL SALE AGREEMENT

Opinion of Wolverine's Counsel

December , 1977

Citicorp Leasing, Inc.
399 Park Avenue
New York, New York 10022
Attention: Manager, Contract Administration

Detroit, Toledo and Ironton Railroad Company
Conditional Sale Agreement dated as of
December 1, 1977

Dear Sirs:

As counsel for Wolverine Leasing Company (*Wolverine*) I am familiar with Detroit, Toledo and Ironton Railroad Company's Purchase Order Number D-27321 dated November 28, 1977 (the *Wolverine Purchase Order*) and the assignment thereof to Citicorp Leasing, Inc. pursuant to the Conditional Sale Agreement referred to above. The Wolverine Purchase Order, as so assigned, provides for the sale by Wolverine to you of ninety-eight (98) 94-ton Coil Steel Flat Cars (the *Flat Cars*) owned by Wolverine and heretofore leased by Wolverine to Detroit, Toledo and Ironton Railroad Company.

As counsel for Wolverine, I am of the opinion that:

(a) Wolverine is a duly organized and existing corporation in good standing under the laws of the State of Ohio and has the power and authority to own and convey its properties and to carry on its business as now conducted;

(b) Wolverine has the full power, authority and legal right to enter into and perform the Wolverine Purchase Order and the Bill of Sale dated the date hereof to be delivered by Wolverine pursuant to the abovementioned Conditional Sale Agreement, and the execution, delivery and performance by Wolverine of the Wolverine Purchase Order and such Bill of Sale have been duly authorized by necessary corporate action on the part of Wolverine;

(c) the Wolverine Purchase Order has been duly accepted by Wolverine and constitutes, and the abovementioned Bill of Sale, when executed and delivered in accordance with the Wolverine Purchase Order, will constitute, the legal, valid and binding obligations of Wolverine enforceable against Wolverine in accordance with the respective terms thereof;

(d) the acceptance and performance by Wolverine of the Wolverine Purchase Order and the execution, delivery and performance by Wolverine of the abovementioned Bill of Sale will not contravene any provision of law or of Wolverine's articles of incorporation, by-laws or any agreement or other instrument binding upon Wolverine; and

(e) upon delivery by Wolverine of the abovementioned Bill of Sale against payment of the purchase price set forth in the Wolverine Purchase Order, Citicorp Leasing, Inc. will acquire and be vested with full legal title to the Flat Cars free of all claims, liens and encumbrances created or arising by action of Wolverine or by reason of Wolverine's ownership of the Flat

Cars. We express no opinion as to any claims, liens or encumbrances which may have arisen against the Flat Cars (or any of them) during Railroad's term of possession of the Flat Cars, other than by action of Wolverine or by reason of Wolverine's ownership of the Flat Cars.

Very truly yours,

EXHIBIT C
TO
CONDITIONAL SALE AGREEMENT

CERTIFICATE OF SECRETARY

I, RICHARD GUREGIAN, do hereby certify that:

(1) I am the duly elected and acting Secretary of Detroit, Toledo and Ironton Railroad Company, a Delaware corporation (the *Corporation*);

(2) I am familiar with the Conditional Sale Agreement dated as of December 1, 1977 (the *Conditional Sale Agreement*) between Citicorp Leasing, Inc. and the Corporation;

(3) The document attached as Exhibit A hereto is a full and complete copy of the Certificate of Incorporation of the Corporation, as amended to the date hereof;

(4) The document attached as Exhibit B hereto sets forth a resolution dated September 29, 1977 which has been duly adopted by the Board of Directors of the Corporation and such resolution is consistent with and does not contravene the provisions of the by-laws of the Corporation as amended to date and has not been amended, modified or rescinded and is in effect on the date hereof;

(5) The below named persons are duly elected, qualified and acting officers of the Corporation holding the respective offices set forth opposite their respective names and the signatures set forth opposite their respective names are their genuine signatures and such persons have held such offices at all times since November 17, 1977:

<u>Name</u>	<u>Title</u>	<u>Specimen Signature</u>
-------------	--------------	---------------------------

(6) No event of default under the Conditional Sale Agreement or event which, with the giving of notice or the lapse of time, or both, would become such an event of default has occurred and is continuing.

WITNESS my hand and the seal of the Corporation this 20th day of December, 1977.

.....
 Richard Guregian,
Secretary

I, _____, _____ of the Corporation, do hereby certify that Richard Guregian has been duly elected, is duly qualified and is the Secretary of the Corporation, that the signature set forth above is his genuine signature and that he has held such office at all times since November 17, 1977.

WITNESS my hand this _____ day of December, 1977.

.....

EXHIBIT D
TO
CONDITIONAL SALE AGREEMENT

PROFORM, INC.

PROFORM, INC. (*Proform*) in consideration of the sum of One Dollar (\$1.00) and other good and valuable consideration, receipt of which is hereby acknowledged, does hereby sell, assign, set over and transfer to **CITICORP LEASING, INC.**, (*Citicorp Leasing*), as assignee of the Detroit, Toledo and Ironton Railroad Company under the Railroad's Purchase Order Number D-27125 dated November 17, 1977 (the *Purchase Order*), and to the successors and assigns of Citicorp Leasing, _____ (_____) Proform SFRP Coil Flat Car Covering Systems, as described in General Arrangement Drawing Number E-105-195 and approved by the Railroad's Mechanical Department (the *Covering Systems*); and Proform hereby warrants to Citicorp Leasing that on the date hereof Proform has full legal title to such Covering Systems and good and lawful right to sell such Covering Systems and the title to such Covering Systems is free of all claims, liens and encumbrances of any nature whatsoever; and Proform further warrants to Citicorp Leasing that Proform will defend said title.

IN WITNESS WHEREOF, Proform has caused its corporate seal to be hereto affixed, duly attested and this instrument to be signed in its name by its _____, this _____ day of _____, 1977.

PROFORM, INC.

By:

Its:.....

[Corporate Seal]

ATTEST:

.....

EXHIBIT E
TO
CONDITIONAL SALE AGREEMENT

OPINION OF PROFORM'S COUNSEL

December , 1977

Citicorp Leasing, Inc.
399 Park Avenue
New York, New York 10022
Attention: Manager, Contract Administration

Detroit, Toledo and Ironton Railroad Company
Conditional Sale Agreement dated as of
December 1, 1977

Dear Sirs:

As counsel for Proform, Inc. (*Proform*) I am familiar with Detroit, Toledo and Ironton Railroad Company's Purchase Order No. D-27125 dated November 17, 1977 (the *Proform Purchase Order*) and the assignment thereof to Citicorp Leasing, Inc. pursuant to the Conditional Sale Agreement referred to above. The Proform Purchase Order, as so assigned, provides for the sale by Proform to you of 98 Proform SFRP Coil Flat Car Covering Systems.

As counsel for Proform, I am of the opinion that:

(a) Proform is a duly organized and existing corporation in good standing under the laws of the State of _____ and has the power and authority to own and convey its properties and to carry on its business as now conducted;

(b) Proform has the full power, authority and legal right to enter into and perform the Proform Purchase Order and the Bills of Sale to be delivered by Proform pursuant to the above-mentioned Conditional Sale Agreement, and the execution, delivery and performance by Proform of the Proform Purchase Order and such Bills of Sale have been duly authorized by a necessary corporate action on the part of Proform;

(c) The Proform Purchase Order has been duly accepted by Proform and constitutes, and the above-mentioned Bills of Sale, when executed and delivered in accordance with the Proform Purchase Order, will constitute, the legal, valid and binding obligations of Proform enforceable against Proform in accordance with the respective terms thereof;

(d) The acceptance and performance by Proform of the Proform Purchase Order and the execution, delivery and performance by Proform of the above-mentioned Bills of Sale will not contravene any provision of law or of Proform's charter, by-laws or any agreement or other instrument binding upon Proform; and

(e) Upon delivery by Proform of the above-mentioned Bills of Sale against payment of the purchase price set forth in the Proform Purchase Order, Citicorp Leasing, Inc. will acquire and be vested with full legal title to the Covering Systems free of all claims, liens and encumbrances of any nature whatsoever.

Very truly yours,

EXHIBIT F
TO
CONDITIONAL SALE AGREEMENT

CERTIFICATE OF SECRETARY

I, _____, do hereby certify that:

(1) I am the fully elected and acting Secretary of Detroit, Toledo and Ironton Railroad Company, a Delaware corporation (the *Corporation*);

(2) I am familiar with the Conditional Sale Agreement dated as of December 1, 1977 (the *Conditional Sale Agreement*) between Citicorp Leasing, Inc. and the Corporation;

(3) Subsequent to December 20, 1977 there has been no change to, or amendment of, the Certificate of Incorporation or by-laws of the Corporation; and the resolution adopted by the Board of Directors on _____, 1977 relating to the Conditional Sale Agreement, have not been amended, modified or rescinded and are in full force and effect on the date hereof; and

(4) No event of default under the Conditional Sale Agreement or event which, with the giving of notice or the lapse of time, or both, would become such an event of default has occurred and is continuing.

WITNESS my hand and the seal of the corporation this
day of .

.....

I, _____, _____ of the Corporation, do
hereby certify that _____ has been duly elected, is duly
qualified and is the Secretary of the Corporation, that the signa-
tures set forth above is his genuine signature and that he has
held such office at all times since November 17, 1977.

WITNESS my hand this _____ day of _____,
1978.

.....